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Former smokers earn more

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According to new research, former smokers earn higher wages than smokers and people who have never smoked. In a recent working paper, (“[Even one is too much: the economic consequences of being a smoker](#),” working paper 2013-3, July 2013), Federal Reserve Bank of Atlanta economists Julie L. Hotchkiss and M. Melinda Pitts studied the relationship between smoking and wages.

Using data from the Tobacco Use Supplement to the Current Population Survey for the period 1992 to 2011, the economists found that people who had quit smoking for at least a year earned higher wages than smokers and people who had never smoked. The data show that, as a group, people who have never smoked earned slightly less than former smokers. Smokers, on the other hand, earned about 80 percent of nonsmokers’ wages (with nonsmokers comprising former smokers and people who never smoked). Even one cigarette a day triggers a wage gap between smokers and nonsmokers, the economists write.

The authors tested the relationship between wages and smoking intensity and found that the frequency at which people smoke doesn’t significantly affect their earnings. People who smoke just one cigarette per day have earnings that are about the same as the earnings of people who smoke a pack a day. The authors surmise that the fact that the earnings penalty doesn’t increase as smoking intensity increases suggests that the wage penalty relates mainly to a bias in the workplace against smokers.

The researchers attribute about 60 percent of the smoking penalty to differences in the characteristics those workers bring to the labor market. They determined that differences in the characteristics of smokers and nonsmokers—particularly educational attainment (nonsmokers tend to be more educated)—and unmeasured factors such as an employer’s tolerance to smoking behavior are what are mostly driving the wage gap. The reason for the higher earnings among former smokers compared with people who never smoked has to do with the personal and labor force characteristics of former smokers.